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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/798,551	03/12/2004	James J. Darr	027110.0104C1US	6462
33042 7590 05/12/2010 PATTON BOGGS LLP 8484 WESTPARK DRIVE SUITE 900 MCLEAN, VA 22102				
EXAMINER				
OYEBISI, OJO O				
ART UNIT		PAPER NUMBER		
3695				
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05/12/2010		PAPER		

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

### Office Action Summary

**Application No.**

10/798,551

**Applicant(s)**

DARR, JAMES J.

**Examiner**

OJO O. OYEBISI

**Art Unit**

3695

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --  
**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 05 April 2010.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 1-8 and 12-24 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-8, 12-24 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- 1) ☐ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO/SB/22)
- Paper No(s)/Mail Date \_\_\_\_\_

- 4) ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date \_\_\_\_\_
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: \_\_\_\_\_

## **DETAILED ACTION**

### ***Continued Examination Under 37 CFR 1.114***

A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on 04/05/10 has been entered.

### ***Response to Arguments***

Applicant's arguments filed 04/05/2010 have been fully considered but they are not persuasive. The applicant argues in substance that Herman fails to disclose "wherein the structured financial asset generates a variable net cash flow, after payment of premiums, based upon and timed by actual mortality payments and not based upon and timed by an expected mortality rate." While it is true that, in the telephone interview conducted on Mar 26, 2010, the examiner indicated that Herman did not appear to teach the above mentioned limitation, however after careful consideration and thorough revision of the applicant's specification and Herman's reference, the examiner is convinced that Herman is still pertinent to the above limitation. The examiner went back to the applicant's specification, more specifically paragraph 0085. In paragraph 0085, the applicant states that "Cash distributions may be based upon and timed by mortality payments," such recitation is also found in the prior art, Herman i.e., The insurance policies, mortality payments and/or reinsurance payments provide a source of revenue

sufficient to repay the lender(s) or investor(s) and to finance a specific mission statement of the foundation (See paras 0022 of Herman). That is to say, cash distribution received from the mortality payments provide revenue cash flow to repay the lender or investor. Said another way, the revenue cash flow received by the lender and the investor is accurately timed by the mortality payments. All in all, the teaching, in Herman, that "the insurance policies, mortality payments and/or reinsurance payments provide a source of revenue sufficient to repay the lender(s) or investor(s) and to finance a specific mission statement of the foundation " reads on applicant's claimed limitation of "wherein the structured financial asset generates a variable net cash flow, after payment of premiums, based upon and timed by actual mortality payments and not based upon and timed by an expected mortality rate."

The applicant further argues that Herman's cash flow is based upon and timed by expected mortality rate, but not on actual mortality Payments. The examiner contends that Herman's cash flow is indeed based upon and timed by actual mortality Payments, as evidenced in Herman's recognition that there can be a shortfall in the mortality payments (i.e., death benefit pay-outs). To compensate for any short falls in mortality payments and to ensure that the lender receives a minimum level of mortality payments, Herman then contemplates a reinsurance policy to compensate for any shortfalls in mortality payments, thereby protecting the cash flow to the lender by ensuring a minimum level of overall insurance proceeds. That is to say, Herman is fully aware of the fact that timing cash flow to the lender/investor with expected mortality can lead to shortfalls in mortality payments. For example, the expected mortality rate of policy

holders in a future date is set to be 20, however let say the actual mortality on this future date is only 15, then the cash flow timed with expected mortality of 20 would definitely experience some shortfall. This is why Herman contemplates the use of reinsurance payments to guarantee minimum mortality payments to the lender/investor (see paras 0009 of Herman).

### ***Double Patenting***

The nonstatutory double patenting rejection is based on a judicially created doctrine grounded in public policy (a policy reflected in the statute) so as to prevent the unjustified or improper timewise extension of the "right to exclude" granted by a patent and to prevent possible harassment by multiple assignees. A nonstatutory obviousness-type double patenting rejection is appropriate where the conflicting claims are not identical, but at least one examined application claim is not patentably distinct from the reference claim(s) because the examined application claim is either anticipated by, or would have been obvious over, the reference claim(s). See, e.g., *In re Berg*, 140 F.3d 1428, 46 USPQ2d 1226 (Fed. Cir. 1998); *In re Goodman*, 11 F.3d 1046, 29 USPQ2d 2010 (Fed. Cir. 1993); *In re Longi*, 759 F.2d 887, 225 USPQ 645 (Fed. Cir. 1985); *In re Van Ornum*, 686 F.2d 937, 214 USPQ 761 (CCPA 1982); *In re Vogel*, 422 F.2d 438, 164 USPQ 619 (CCPA 1970); and *In re Thorington*, 418 F.2d 528, 163 USPQ 644 (CCPA 1969).

A timely filed terminal disclaimer in compliance with 37 CFR 1.321(c) or 1.321(d) may be used to overcome an actual or provisional rejection based on a nonstatutory double patenting ground provided the conflicting application or patent either is shown to

be commonly owned with this application, or claims an invention made as a result of activities undertaken within the scope of a joint research agreement.

Effective January 1, 1994, a registered attorney or agent of record may sign a terminal disclaimer. A terminal disclaimer signed by the assignee must fully comply with 37 CFR 3.73(b).

Claims 1-8, 12-24 are provisionally rejected on the ground of nonstatutory obviousness-type double patenting as being unpatentable over claims 1-4, 6-39, and 41-102 of copending Application No. 10382947. For example, claim 1 of copending application recites a system for raising funds for a first organization comprising: a memory for storing executable instructions, and a processor for performing the steps comprising: identifying one or more individuals associated with the first organization; requesting enrollment of the one or more identified individuals in a program permitting the first organization to take out one or more insurance policies on a life of each of the one or more identified individuals naming the first organization as beneficiary, and granting the first organization an irrevocable right to utilize the one or more insurance policies on a life of each of the one or more identified individuals to serve the best interests of the first organization; receiving information from one or more of the identified individuals accepting the enrollment; selecting one or more of the one or more enrolled individuals based upon the received information to create a structured final asset comprising one or more insurance policies for each of the selected individuals, wherein the one or more insurance policies are selectively grouped based upon

actuarial matrices or formulas into the structured financial asset; facilitating payment of premiums for the structured financial asset, naming the first organization as beneficiary of the structured asset; transferring, partially, exclusively or wholly, one or more rights and/or benefits from the structured financial asset to at least a second organization to raise funds for at least one of (i) the first organization and (ii) the second organization and wherein the structured financial asset generates a variable net cash flow after the payment of premiums, based upon and timed by actual mortality payment and not based upon and timed by an expected mortality rate. Similarly, claims 2-4, 6-39, and 41-102 of copending Application No. 10382947 recites substantially the same limitations as claim 2-8, and 12-24 of the pending applicant with slight changes and variations that would have been obvious to one of ordinary skill in the art. This is a provisional obviousness-type double patenting rejection.

### ***Claim Rejections - 35 USC § 102***

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

Claims 1-5, 7-8, 12-20, and 22-24 are rejected under 35 U.S.C. 102(e) as being anticipated by Herman (US PUB NO.: 2002/0035489).

Re claim 1. Herman discloses a system for raising funds for a first organization, the system comprising: a memory for storing executable instructions; and a processor for performing the steps comprising, identifying one or more individuals associated with the first organization (see paras 0008); requesting enrollment of the one or more identified individuals in a program permitting the first organization to take out an insurance policy on each life of the one or more identified individuals naming the first organization as beneficiary (see paras 0022), and granting the first organization an irrevocable right to utilize the insurance policy on each life of the one or more identified individuals to serve the best interests of the first organization (see paras 0007 and 0024); receiving information from one or more of the identified individuals accepting the enrollment; selecting one or more of the one or more enrolled individuals based upon the received information to create a structured financial asset comprising one or more insurance policies for each of the selected individuals (see paras 0008), wherein the one or more insurance policies are selectively grouped based upon actuarial matrices or formulas into the structured financial asset (see paras 0024); facilitating payment of premiums for the structured financial asset (see paras 0009); holding a structured financial asset of a first organization in a passive vehicle (i.e., escrow account, see fig.4 element 420); providing, by a second organization, capital to the first organization (i.e., lenders provide loans, see paras 0008) as evidenced by a promissory note secured by the structured financial asset; transferring a right or a benefit that the passive vehicle



receives with respect to the structured financial asset as repayment of the promissory note (i.e., The insurance policies serve as collateral to the lender for the loan. The insurance premiums are invested in traditional securities to generate an investment return, so that the cash value associated with the policies increases with time. A predetermined cash flow is guaranteed to the foundation by the program, as a function of the number of lives insured, for example. Loan payments are made to the lender from the life insurance policy death benefit proceeds and, as needed, from guaranteed mortality reinsurance payments, see paras 0009), and wherein the structured financial asset generates a variable net cash flow after the payment of premiums, based upon and timed by mortality payments and not based upon and timed by an expected mortality rate (i.e., The insurance policies, mortality payments and/or reinsurance payments provide a source of revenue sufficient to repay the lender(s) or investor(s) and to finance a specific mission statement of the foundation, see paras 0022 of Herman), determined by factors selected from the group consisting of ages of the selected individuals, mortality rate of the selected individuals, investment performance of the structured financial asset, guarantees of an insurance company, and combinations thereof (see paras 0009) (see the summary of the invention, also see the abstract).

Re claim 2. Herman further discloses the method of claim 1, wherein the passive vehicle holds the structured financial asset on behalf of the first organization and the second organization (i.e., escrow account, see fig.4 element 420)

Re claim 3. Herman further discloses the method of claim 1, wherein the right or the

benefit includes canceling the structured financial asset (i.e., terminate said reinsurance policy, see col.32, line 28-30)

Re claim 4. Herman further discloses the method of claim 1, wherein the right or the benefit includes distributing all assets contained within the passive vehicle (see paras 0010)

Re claim 5. Herman further discloses the method of claim 1, wherein the right or the benefit includes transferring a right or a benefit from the structured financial asset at any time (see paras 0010)

Re claim 7. Herman further discloses the method of claim 1, wherein the first organization is a non-profit organization (see the abstract)

Re claim 8. Herman further discloses the method of claim 1, wherein the second organization includes a lender. (see fig.1 element 108)

Re claim 12. Herman further discloses the method of claim 1, wherein the first organization is solely responsible for the premiums of the one or more insurance policies (see the summary of the invention)

Re claim 13. Herman further discloses the method of claim 1, wherein the one or more insurance policies is structured as a single premium modified endowment contract (see paras 0034)

Re claim 14. Herman further discloses the method of claim 1, wherein the structured financial asset includes variable universal life insurance (see paras 0031 and 0034).

Re claim 15. Herman further disclose the method of claim 1, wherein the passive vehicle includes a trust (see paras 0010)

Re claim 16. Herman further discloses the method of claim 1, wherein the passive vehicle includes a Qualifying Special Purpose Entity (see fig1 element 110)

Re claim 17. Herman further discloses the method of claim 1, wherein the second organization, upon the transfer of the structured financial asset by the first organization to the passive vehicle, has an investment classified as an "available for sale investment" under FASB 140 at the full purchase price of the second organization (see paras 0035)

Re claim 18. Herman further discloses a method for raising funds for a first organization comprising: identifying insurable interests associated with the first organization (see paras 0008); requesting authorization for the first organization to insure the insurable interests; taking out one or more policies insuring the insurable interests, wherein the insurable interests are the lives of a plurality of individuals associated with a non-profit organization (see paras 0022); naming the first organization as the beneficiary of the one or more policies (see paras 0007 and 0024); selectively grouping the one or more policies based upon actuarial matrices and formulas (see paras 0024), transferring funds as evidenced by a promissory note secured by each grouping of the one or more policies to the first organization (see paras 0008-0009); and repaying the promissory note by transferring one or more benefits or rights from the one or more policies (i.e., Loan payments are made to the lender from the life insurance policy death benefit proceeds and, as needed, from guaranteed mortality reinsurance payments, see paras 0009), wherein the selective grouping of the one or more generates a variable net cash flow after the payment of premiums, based upon and timed by mortality payments and

not based upon and timed by an expected mortality rate (see paras 0022) (see the summary of the invention, also see the abstract).

Re claim 19. Claim 19 recites similar limitations to claim 18 and thus rejected using the same art and rationale as in claim 18 supra.

Re claim 20. Claim 20 recites similar limitations to claim 1 and thus rejected using the same art and rationale as in claim 1 supra.

Re claim 22. Herman further discloses the method of claim 20, wherein the first organization is solely responsible for the premiums of the structured financial asset (see the summary of the invention).

Re claim 23. Herman further discloses the method of claim 20, wherein the passive vehicle is a Qualifying Special Purpose Entity (see fig1 element 110)

Re claim 24. Herman further discloses the method of claim 20, wherein the second organization, upon the transfer of the structured financial asset by the first organization to the passive vehicle, has an investment classified as an "available for sale investment" under FASB 140 (see paras 0035).

### ***Claim Rejections - 35 USC § 103***

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

Claims 6 and 21 are rejected under 35 U.S.C. 103(a) as being unpatentable over Herman.

Re claims 6 and 21. Herman does not explicitly disclose the method of claim 1, wherein the right or the benefit includes a call option to acquire the structured financial asset from the passive vehicle. However, official notice is taken that option trading is old and well known in the investment world. Thus one of ordinary skill in the art would have been motivated to go into an agreement to buy the structured financial asset at a specified price within a specified time for higher potential return.

### ***Conclusion***

Any inquiry concerning this communication or earlier communications from the examiner should be directed to OJO O. OYEBISI whose telephone number is (571)272-8298. The examiner can normally be reached on 8:30A.M-5:30P.M.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Charles Kyle can be reached on (571)272-8594. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/OJO O OYEBISI/  
Primary Examiner, Art Unit 3695